

**RIO DELL CITY COUNCIL
REGULAR MEETING
FEBRUARY 6, 2018
MINUTES**

The regular meeting of the Rio Dell City Council was called to order at 5:00 p.m. by Mayor Wilson.

ROLL CALL: Present: (Closed Session) Mayor Wilson, Mayor Pro Tem Johnson, Councilmembers Garnes, Marks, Strahan and City Attorney Gans

 Present: (Regular Meeting) Mayor Wilson, Mayor Pro Tem Johnson, Councilmember Garnes, Marks and Strahan

 Others Present: Chief of Police Conner, Community Development Director Caldwell, Finance Director Woodcox, City Attorney Gans and City Clerk Dunham

 Absent: City Manager Knopp, Water/Roadways Superintendent Jensen and Wastewater Superintendent Trainee Purvis

ANNOUNCEMENT OF ITEMS TO BE DISCUSSED IN CLOSED SESSION AS FOLLOWS

Public Employee Performance Evaluation – Title: City Manager (Pursuant to §54957)
The Council recessed into closed session at 5:00 p.m. to discuss the above matter.

The Council reconvened into open session at 6:30 p.m.

Mayor Wilson announced there was no reportable action taken in closed session.

CEREMONIAL MATTERS

Proclamation in Recognition of Engineers Week

Mayor Wilson read the proclamation in recognition of Engineer's Week February 18-24 and presented it to Rebecca Crow, the City's Engineer from GHD Engineering.

PUBLIC PRESENTATIONS

Melissa Marks addressed the Council on behalf of the Rio Dell-Scotia Chamber of Commerce and asked for the Council's approval for the Chamber volunteers to remove the Christmas lights from the trees at Memorial Park. She also asked for financial assistance from the City for rental of a lift.

Council directed staff to work with the Chamber to assist with the request.

CONSENT CALENDAR

Councilmember Strahan and Finance Director Woodcox requested item (3) be removed from the consent calendar for separate discussion.

Motion was made by Johnson/Garnes to approve the remaining consent calendar items 1, 2, 4, 5 and 6. Motion carried 5-0.

ITEMS REMOVED FROM THE CONSENT CALENDAR

Approval Final Pay Request No. 5 in the Amount of \$41,105.32 to DCI Builders for Work Related to the CDBG Architectural Barrier Removal Project

Councilmember Strahan said she removed the item from the consent calendar because the calculations were not correct.

Finance Director Woodcox explained that she identified the error and prepared a supplemental staff report (attachment 1 to these minutes) to reflect the correct amount, which was \$39,885.56 rather than \$41,105.32 as originally submitted.

Motion was made by Strahan/Garnes to approve the final pay request to DCI Builders as revised. Motion carried 5-0

SPECIAL PRESENTATIONS/STUDY SESSIONS

Presentation – GHD Engineering – Update on City Projects

Rebecca Crow provided a City Engineer's Update on projects in the City including a brief overview of the following projects:

- Rio Dell Safety Improvement and Community Outreach Project
- Next Round of Active Transportation Program Funding
- Minor Drainage Improvement Projects
- Wastewater System Backwash Line Rerouting
- Sewer Line Upsizing Evaluation
- Sanitary Sewer Evaluation Study (SSES)
- Metropolitan Wells Project
- Drinking Water SRF Planning Project

Related to the Rio Dell Safety Improvement and Community Outreach Project, the Council had questions regarding the construction schedule.

Rebecca indicated that construction would occur in 2019 and estimated it would take two months to complete the project. She said she would follow up with the City Manager with a more precise construction schedule.

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She reported that she was working with the City Manager to put together a connectivity map of the City as part of the next Active Transportation Program funding cycle and noted that there will be a series of community workshops to review potential projects.

Next was discussion of the Metropolitan Wells Project. It was reported that all major construction is complete with an estimated \$43,744 remaining in the budget. She said the remaining funds would be applied toward the purchase of a generator estimated at \$90,000 with the City's contribution of \$46,256. She pointed out that the City's total investment aside from grant dollars is only 5.4%, which is remarkable for a project such as this. She also pointed out that the City would not have received the grant funding without implementation of the last water rate increase.

Mayor Wilson questioned the size of the generator and whether it would be portable or stationary.

Rebecca responded that the generator would be on a trailer so it would be portable but she wasn't sure about the size except that it would be big enough to power the wells. She agreed to follow up on the specs and report back to staff.

Councilmember Strahan asked for a breakdown of the \$85,972 in estimated remaining costs.

Rebecca said she would provide a detailed accounting of the remaining costs.

Finance Director Woodcox noted that approximately \$66,000 is the contractor's retainer, \$4,200 is for construction management and there are other miscellaneous expenditures.

Rebecca then reported that the City received the final State Water Resources Control Board Grant in the amount of \$433,300. She said the scope of work includes an evaluation of the Painter Street tank, the Redwood Douglas St. tank, distribution system piping, SCADA improvements, and CEQA permitting and design.

Mayor Wilson asked if the idea is to have the planning and engineering done and be shovel-ready should additional grant funding become available; Rebecca confirmed that to be correct.

Mayor Wilson also asked if a portion of water rate revenue is set aside for future grant match purposes.

Finance Director Woodcox explained that water revenues are being distributed specifically as determined during the water rate study.

Mayor Wilson asked for a breakdown of the water reserve fund with the next budget report.

ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

Introduction/First Reading (by title only) of Ordinance No. 364-2018 Amending the City's Medical Cannabis Regulations, Section 17.30.195 of the Rio Dell Municipal Code to Eliminate the Reference to Medical or Medicinal Cannabis and to Include Some New Definitions and Other Minor Changes Consistent With New State Regulations

Community Development Director Caldwell provided a staff report and said the Planning Commission and the City Council met at a study session on January 23, 2018 to discuss possible changes to the City's commercial cannabis regulations. After a lengthy discussion, staff was directed to incorporate a preamble in the Ordinance regarding the City's desire to foster medicinal cannabis research and development, to incorporate definitions of the various State licensing types, and to require that all operators/licensees hold a Medical "M" State license.

He distributed supplemental information to Council regarding recommended revised language under Section 17.30.195(7) (m) related to the Medical "M" license requirement (attachment 2 to these minutes). He said the language was crafted by the City Attorney and doesn't change the requirement but makes it much clearer. He noted that the revised language was incorporated into the draft ordinance.

Mayor Wilson commented that he clarified through the Bureau of Cannabis Control (BCC) that persons possessing a State testing laboratory license are not required to hold both a type "A" and "M" license.

He stated that after three (3) hours of discussion at the January 23, 2018 study session, in the end what came out of that was an ordinance that was supported by everyone concerned. He said it was a good compromise and he supports the Planning Commission's recommendation to adopt the draft ordinance with the revisions as proposed.

Councilmember Garnes said she appreciated the collaborative effort put forth by staff and the Planning Commission to create the ordinance.

Mayor Wilson called for public comment on the proposed ordinance.

Shannon McWhorter stated that he and other investors own a 3-acre parcel at the Humboldt Rio Dell Business Park and they are working on a project that is quite an investment. He pointed out that the sooner the ordinance is approved the sooner they can get shovels in the ground. He expressed the urgency of getting things going before taxes go somewhere else.

Glen Broder agreed with Shannon McWhorter and pointed out that he really likes Rio Dell but other areas of the State are getting very aggressive with their approach to try to get them to relocate elsewhere. He commented that he likes the SICPA Track and Trace Program although it is somewhat cumbersome.

Councilmember Strahan stated that she is against marijuana and has been from the very start. She added that she is also surprised that certain people are in favor of it here but against it in their own city. She said the Council was in support of only allowing medical type licenses from the beginning and doesn't see why that has to change.

Motion was made by Johnson/Garnes to introduce and conduct first reading (by title only) of Ordinance No. 364-2019 *Amending the City's Medical Cannabis Regulations, Section 17.30.195 of the Rio Dell Municipal Code (RDMC) to Eliminate the Reference to Medical or Medicinal Cannabis and to Include Some New Definitions and Other Minor Changes Consistent with New State Regulations.* Motion carried 4-1; Councilmember Strahan dissenting.

Mayor Wilson explained to members of the public that the second reading and adoption of the ordinance would take place at the February 20, 2018 regular meeting and the ordinance becomes effective 30 days from that date.

He commented that this has been a big step for him to vote the way he did and he heard that there were comments regarding his demeanor at the last meeting regarding a statement he made about not being afraid to be the bad guy. He said that was interpreted by some people that he was going to vote "No" on the ordinance. He clarified that what he meant by that statement is that he is willing to see this go through even though he is opposed to recreational marijuana. He said he believes passionately enough in the medical concept that if anything is going to change the City it will be to have full on medical research and treatment. He pointed out that it will be a challenge for the stakeholders to make it work with the recent drop in cannabis prices, referring to what is happening in Oregon.

He added that what he wants people to think of when they hear the name "Rio Dell" is "Medical Cannabis." He said there is validity in medical cannabis treatment and he is sincere when he says that he wants the City to be a viable medical cannabis community. He said it would take support of the city council, staff and the community to make that happen.

Introduction/First Reading (by title only) of Ordinance No. 365-2018 Amending Chapter 5.10 of Title 5 of the Rio Dell Municipal Code Pertaining to Cannabis Taxation

City Attorney Gans provided a staff report and clarified that the City's Cannabis Taxation Ordinance is separate and distinct from the Cannabis Land Use Ordinance. He said at the January 23, 2018 study session the City Council suggested staff come back with proposed language incentivizing those persons engaged in commercial medicinal cannabis activities by allowing a reduced tax rate. He explained that any imposition of an increase in tax revenue requires voter approval however; the tax can be reduced. He said the tax amount is a total discretionary issue for the Council.

He pointed out that drafting the language is somewhat premature as any ordinance; especially a land use or taxation ordinance as it isn't really tested until it is implemented. As such, it is difficult for the Council to make a decision as to what extent this ordinance amendment will

actually incentivize commercial cannabis activities in the business park. He said no one knows the economics of it yet so with that said, if the Council wants to create some incentive at the offset, they can do so and this language will effectuate that.

Discussion continued regarding other restrictions of the tax ordinance.

Mayor Pro Tem Johnson expressed support for incentivizing medicinal cannabis activities and said he would like to hear from the stakeholders.

Glen Broder addressed the issue and said taxation is a big issue, referring to the 25% tax that is being proposed at the State level, which is passed onto the patient. He said that perhaps the incentive should be based on the amount of money that is invested toward the medical side of the business. He said the Council needs to figure out a way to incentivize the business where it isn't tacked onto the patient; that is where the balance needs to focus. He said the 25% State tax is unfair to the patient and perpetuates the black market. If the goal really is to protect the patient, the black market needs to be shut down because that is where the products that can't pass the tests because of unsafe pesticides will end up. He said he would rather see the benefit go to the patient and expressed the need to find a balance that is fair for everyone.

Mayor Wilson noted that there is a lot to work out with regard to medical cannabis including the problems associated with patients being able to get medical insurance coverage for medical cannabis because of the federal government. He agreed that something does have to start happening at the business park because staff is spending a lot of time on this issue.

Glen Broder commented that the word about Adult "A" cannabis would get out and change the climate so things will get started.

Councilmember Strahan pointed out that the whole idea of allowing cannabis activities in the City was to bring in revenue.

Discussion continued regarding the amount of revenue received to date on cannabis related activities and staff related costs.

Community Development Director Caldwell estimated an amount less than \$10,000 and noted that more staff time has been spent on crafting the regulations than on the review of the applications and processing permits. He noted that the application fees cover his time for preparing staff reports and taking the applications to the Planning Commission.

Mayor Wilson asked for a realistic date for development to begin at the business park.

Shannon McWhorter said depending on the design work and engineering he hopes to begin construction this year. He commented that he has been waiting for the City Council to make a decision on the ordinance and expects to have plans to the City sometime in May or June. He

added that the big issue is extension of the water line noting that PG&E won't be a problem as there is already power nearby.

Community Development Director Caldwell said he spoke to Glen White and he indicated he would be ready to submit construction plans possibly on Friday or Monday. In addition, Greenheart Enterprises expected to submit their plans by Friday.

Mayor Wilson asked when the tax period starts.

Community Development Director Caldwell explained the tax would start once cultivation and processing begins. He said that although it would have to be worked out, the ordinance could allow for the submittal of estimated taxes on a quarterly basis.

Mayor Wilson asked the stakeholders present if holding off on adoption of the tax ordinance for a month or so would impede them from moving forward with their projects or if they need the City to provide an incentive beforehand.

Stakeholders present were not concerned with delaying adoption of the ordinance and were not particularly concerned with the tax rate as adopted.

Jesse Jeffries thought that it would be premature to lower the medical tax rate now.

Mayor Wilson said he would like to wait for actual construction to begin before implementing the tax ordinance to avoid the possibility of having to amend it a second time.

Councilmember Marks pointed out that the City already has a tax rate in place.

Councilmember Strahan commented that the developers need to know what they are going to be charged and as they indicated the proposed reduction is minimal so they are fine with the tax the way it is.

Mayor Pro Tem was in favor of moving forward with the ordinance as proposed.

Motion was made by Garnes/Marks to table any action on the Cannabis Taxation Ordinance at this time.

City Attorney Gans said it is inevitable that when the tax ordinance ultimately is implemented there will be some modifications and amendments related to collections and assessment of the taxes so it is likely the ordinance will need to be revisited. He pointed out that the City is not going to collect any taxes in the next 6 months anyway.

Motion then carried 4-1; Mayor Pro Tem Johnson dissenting.

City Attorney Gans left the meeting at this time, 7:30 p.m.

Introduction/First Reading (by title only) of Ordinance No. 362-2018 Amending the Sign Regulations, Section 17.30.300, Repealing Outdoor Advertising Regulations Section 17.30.210 of the Rio Dell Municipal Code (RDMC)

Community Development Director Caldwell provided a staff report and said the Planning Commission considered the proposed amendments to the sign regulations at their meeting of January 23, 2018. Based on comments from the owner of Humboldt Gables Motel, the Commission is recommending that businesses in the commercial zones be allowed two signs rather than one. He said staff agrees with the recommendation, especially if they are located on a corner lot such as the motel.

He reviewed other amendments to the sign regulations including provisions for illuminated signs, regulations for menu/order board signs, election/ballot measure signs, awning signs, blade/bracket signs, monument and reader board signs, time and temperature signs, banner/feather signs and billboard signs. He noted that the Planning Commission and staff believe that what is being proposed are comprehensive regulations that will ultimately benefit the businesses in the city. He said that staff is also recommending the elimination of Section 17.30.210, Outdoor Advertising (billboards) because the proposed regulations have been expanded to include billboards.

Mayor Pro Tem Johnson asked if Mr. Thompson's requested amendment for Humboldt Gables Motel was incorporated in the proposed ordinance.

Community Development Director Caldwell referred to the table on page 114 of the staff report related to sign standards for parcels located in the Community Commercial zone showing 2 building signs per business. He stated for clarification that the two (2) signs couldn't exceed the total square footage that was previously allowed for one (1) sign.

Councilmember Strahan questioned the previous issues with the size of signs in the Town Center.

Community Development Director Caldwell commented there are a number of signs in the Town Center zone that exceed 75 square feet. In the newly proposed regulations the maximum size for building signs is 100 square feet; 50 square feet for freestanding pylon signs, and 150 square feet for integrated development signs such as in the Humboldt Rio Dell Business Park. He explained there is a mechanism in the ordinance that allows for exceptions if deemed appropriate.

Councilmember Strahan referred to the table on page 114 of the staff report and questioned the maximum size of 300 square feet for freestanding signs in the Community Commercial and Industrial Commercial zones.

Community Development Director Caldwell explained that it refers to developments similar to Strong's Creek Plaza in Fortuna and would apply to the Humboldt Rio Dell Business Park and the Todd property.

Councilmember Garnes asked if the two (2) signs allowed for businesses in the Community Commercial (Humboldt Gables Motel) can be illuminated and if it only applies to corner lots.

Community Development Director Caldwell noted that the signs can be illuminated and the parcel does not have to be a corner lot.

Mayor Wilson opened the public hearing to receive public comment on the proposed amendments.

Cheryl Short addressed the Council regarding information signs near the Wildwood/Eeloa Ave. off ramp and said the downtown businesses are losing money because vehicles are exiting off the freeway from the south then going right back on the freeway because there are no signs to direct them to services.

Community Development Director Caldwell explained the "Gas, Food, Lodging" freeway signs are State signs and are expensive to have installed.

Cheryl commented that she was thinking more like the sign going into Scotia advertising local businesses.

There being no further public comment, the public hearing closed.

Motion was made by Johnson/Garnes to accept the introduction and first reading (by title only) of Ordinance No. 362-2018 Amending the Sign Regulations, Section 17.30.300, Repealing Outdoor Advertising Regulations, Section 17.30.210 of the Rio Dell Municipal Code (RDMC). Motion carried 5-0.

REPORTS/STAFF COMMUNICATIONS

Community Development Director Caldwell reported on recent activities and events and reiterated that Greenheart Enterprises as well as the Glen White Group are expected to submit construction plans by the end of the week. He noted that Glen White's plans will be sent out to a third party plan check firm (Inter-West Consulting) to review as well as Abe Fockaert's plans for his proposed 4-plex. He reported that A.F. Builders (Abe Fockaert) also submitted plans for a single family residence on the last parcel in the Hilda Ct. Subdivision; said he drove to Ukiah to attend a Bureau of Cannabis Control (BCC) Workshop this morning to discover that it was cancelled; said included in the Council packet was the Annual Building Activity Report prepared by the City Clerk which shows \$35,623 in building permit revenue for the year noting staff anticipates an increase in revenue the next year; and said he sent out letters to the property owners of existing cargo/shipping containers since only four (4) property owners have obtained building permits.

Mayor Wilson questioned the process for those owners with cargo containers that are out of compliance.

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Community Development Director Caldwell noted that it basically becomes a code enforcement issue and that staff will be scheduling a Nuisance Committee meeting so it can be discussed at that time.

Finance Director Woodcox reported on recent activities in the finance department and said the mid-year financial report was provided in the Council packet noting that water sales were higher than ever at 56% of anticipated revenue and sewer revenue at 52%. She also reported that she will miss the next City Council meeting as she will be attending the Annual California Society of Municipal Finance Officers (CSFMO) conference in Riverside, and that she will be starting the new budget process soon.

Mayor Wilson commented that the Council had a lot on their plate during the last budget cycle and hopes to be taking a harder look at the budget this year.

Finance Director Woodcox said she would develop a budget calendar and bring it back at the next meeting for Council's consideration.

Councilmember Strahan commented that she has a million questions about the current budget.

Chief of Police Conner reported on recent activities and events in the police department and said that since the last meeting on January 16th they received 107 calls for service, made 25 reports and 5 arrests. He noted the most noteworthy was the abduction of a baby taken from its mothers arms; within 5 hours, the baby was safely returned to her. He also reported on the police officer recruitment process, said seven (7) applicants were interviewed on January 31st, and the top three (3) candidates are in the process of background checks.


Mayor Wilson commented that he talked to someone in the Humboldt County Code Enforcement Department and Chief Conner was referred to as the "Master" of Code Enforcement.

ADJOURNMENT

Motion was made by Johnson/Marks to adjourn the meeting at 7:50 p.m. to the February 20, 2018 regular meeting. Motion carried 5-0.


Frank Wilson, Mayor

Attest:


Karen Dunham, City Clerk